

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA

REPORT TO THE COMMISSIONERS

DATE: MAY 11, 2016

REGARDING: APPROVAL TO ENDORSE THE MINNEAPOLIS/SAINT PAUL HOUSING
FINANCE BOARD - LOW INCOME HOUSING TAX CREDIT PROGRAM FOR
2017, CITYWIDE

Requested Board Action

Authorization to endorse the Minneapolis/Saint Paul Housing Finance Board *Low Income Housing Tax Credit Procedural Manual* (“Procedural Manual”) and its *Qualified Allocation Plan* (“QAP”) for 2017.

In recognition of HRA Board directives, HRA staff proposes no change to the existing Saint Paul Low Income Housing Tax Credit Program Procedural Manual and its QAP for 2017.

Background

The Federal Tax Reform Act of 1986 created the Low Income Housing Tax Credits (“Credits”) for qualified residential properties to encourage the production of affordable low-income rental housing. Credits provide a reduction in federal tax liability to owners and investors of qualified low-income housing developments. The owner/investors may use Credits annually for ten years, but qualified low-income housing projects must comply with federally-imposed rent and tenant income restrictions for 15 years with an extended use period of an additional 15 years. At a minimum, 40% of the units must be affordable and rented to households at or below 60% of the area median income (AMI) or 20% of units must be affordable and rented to households at or below 50% of AMI for the duration of the restricted period. Federal law also gives preference to selected properties which serve the lowest income qualified tenants for the longest period, and projects which are located in qualified census tracts for community revitalization.

Pursuant to MN State Statute, Section 462A.221-462A.225, as amended, Minnesota Housing Finance Agency (“MHFA”) is the State Credit Allocator for eligible statewide projects. The Minnesota Legislature also authorized the Minneapolis/Saint Paul Housing Finance Board

(“Housing Finance Board”) as the Credit Suballocator for eligible projects located in cities of Saint Paul and Minneapolis.

Housing Finance Board must annually publish a Procedural Manual and QAP, which establish the timeline, process, and criteria by which the Housing Finance Board selects projects to receive Credits. The QAP must also identify the selection criteria to determine housing priorities of the housing credit agency which are appropriate to local conditions. With the adoption of its 2017 Procedural Manual and its 2017 QAP, the Housing Finance Board also authorizes the HRA to administer the Credits for Saint Paul’s projects.

Saint Paul’s Credit Allocation is \$755,842 for 2017, which is \$308,025 less than the 2016 Credit Allocation of \$1,063,867.

Over the next year, the City of Saint Paul is participating with the Fair Housing Implementation Council to amend the *2014 Analysis of Impediments to Fair Housing Choice: Twin Cities Region*, which may subsequently provide locational information of affordable housing that the HRA Board may consider when endorsing its 2018 Low Income Housing Tax Credit Program for the City of Saint Paul.

Budget Action

N/A.

Future Action

Upon HRA Board endorsement of the existing Procedural Manual and QAP, the Housing Finance Board will hold a public hearing on May 18, 2016 for the formal adoption of 2017 Procedural Manual and 2017 QAP. Applications for 2017 Credits will be due to HRA on June 30, 2016. HRA staff will request HRA Board action to reserve 2017 Credits in September.

Green/Sustainable Development Projects that receive 2017 Credits must comply with the Minnesota Overlay developed in coordination with Green Communities as well as the *Saint Paul Sustainable Building Policy*.

Compliance

Qualified low-income housing development that receives 2017 Credits must comply with applicable compliance requirements (Vendor Outreach, Affirmative Action, Davis Bacon, Section 3, etc.).

Historic Preservation

N/A

Environmental Impact Disclosure

N/A

Financing Structure

N/A

Public Purpose

Approval of a resolution that endorses the 2017 Credit Program promotes the creation or preservation of rental housing that is affordable to Saint Paul residents with incomes at or below 60% of area median income.

Recommendation

The Executive Director recommends that the HRA Board of Commissioners endorse no change to the 2017 Low Income Housing Tax Credit Procedural Manual and endorse no change to the 2017 Qualified Allocation Plan pursuant to the attached resolution.

Sponsored by: Commissioner Amy Brendmoen

Staff: Joe Collins, 651-266-6020

Attachment:

- Attachment B - Qualified Allocation Plan
Article VIII- Procedure for Selecting Projects-Threshold Requirements; and
Article IX – Saint Paul’s Selection Priorities